



June 28, 2005

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U.S. Department of Energy  
1000 Independence Ave., SW  
Washington, D.C. 20585

via Electronic Mail: 1605bguidelines.comments@hq.doe.gov

Re: Comments on the Revised Voluntary Greenhouse Gas (GHG) Reporting Program: General Guidelines; 10 CFR Part 300 Interim Final Rule; RIN Number 1901-AB11.

Mr. Friedrichs:

Headwaters, Incorporated would like to thank the Department for this opportunity to comment on the "Interim Final, General Guidelines for the Voluntary Reporting of Greenhouse Gases (1605(b)) Program" (70 Fed. Reg. 15169 (March 24, 2005)).

Headwaters is the nation's largest manager and marketer of coal combustion products. Headwaters works with more than 100 coal fueled power plants from coast to coast, assisting in disposal of non-marketable ash products and developing technologies and markets for increasing beneficial use of these materials.

We thank the Department for its efforts in improving the 1605b Registry. We especially applaud the stated objectives "...of improving the 'accuracy, reliability, and verifiability' of reported emissions." and that the offsets should "[b]e capable of being implemented on a practical basis."

The concepts of verifiability and implementation of indirect offset emissions reductions on a practical basis are at the heart of our concern about the Interim Final Guidelines. We see a fundamental contradiction in the Guidelines as they relate to our particular industry sector and are concerned that the Guidelines reflect a general misunderstanding of our industry and how the business cycle works. Although we agree that "reporting on indirect emissions, by definition, requires information on the activities and emissions of other parties" and that "this information may be difficult or impossible to obtain", in our particular case we can obtain information that allows for the documentation and verification of indirect emissions offset reductions on a practical basis. We feel that when an indirect emission can be documented and verified that it should be treated as a direct emission.

Coal combustion products, such as fly ash, can be used as valuable additives in the manufacture of a variety of basic building materials. When utilized as an ingredient in concrete, fly ash can replace a portion of the portland cement that is used as a binder in the concrete. Cement

production is a significant contributor to greenhouse gas emissions. According to a recent study by the World Business Council on Sustainable Development, the cement industry unit-based emissions for North America in 2000 were 0.99 kg CO<sub>2</sub> per kg of cement. Therefore, for every ton of portland cement that is displaced by fly ash use, approximately 1 ton of carbon dioxide emissions are avoided. The reduction of CO<sub>2</sub> in this manner is an indirect emission reduction, as opposed to a direct emission reduction such as when a cement company lowers its combustion emissions at the plant level.

Headwaters is able to monitor, verify and fully document the indirect emissions reductions that occur through the reduction of portland cement in concrete. However, the 1605b allows for the registration of portland cement reduction by parties without monitoring or verification. Fly ash can also be used in other non-cement related applications.

To correct this discrepancy Headwaters recommends the following steps:

1. It is possible to monitor and verify indirect emissions reductions. When this is possible these offsets should be treated with the same value as direct emissions.
2. In Section F of the Guidelines, specific methodology for calculating and documenting indirect emissions offsets from portland cement reduction should be defined and included.
3. Alternatively, if the Department does not desire to create guidelines for specific market segments, we recommend that language be added to the Guidelines to establish the precedence and preferability of indirect emissions reductions that can be documented and verified over those that cannot.
4. The Department should not allow companies or organizations to register indirect emissions when a third party verification method already exists for the same offset.

Headwaters would appreciate the opportunity to assist the Department in adding portland cement reduction to the current list of accepted indirect emission strategies and provide technical support to show how these emissions can be quantified.

We think that creating verifiable and practically implemented offsets through the reduction of portland cement is an opportunity for offsetting emissions that should not be missed. Headwaters would appreciate the opportunity to assist the Department in a better understanding of these issues.

Respectfully,

John Ward  
Vice President  
Government Affairs